

U.S. Retirement Assets Hit \$17.8 Trillion in Third Quarter, April 2008

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They Now Account for Almost 40 Percent of U.S. Household Financial Assets

Washington, DC, April 25, 2008 - Americans' retirement assets rose to a record \$17.8 trillion as of Sept. 30, 2007, according to a quarterly statistical series launched last year by the Investment Company Institute, the national association of U.S. mutual funds and other investment companies.

ICI, which for many years has published the earliest comprehensive releases on year-end retirement assets, now updates total and detailed figures on retirement savings on a quarterly basis. ICI has long served as a primary source of data on Individual Retirement Accounts and provides detailed measures of assets held in 401(k), 403(b), and other defined contribution plans. Federal agencies use ICI data to help measure the retirement holdings of American households.

"Helping American workers prepare for retirement is a vitally important public policy goal," said Paul Schott Stevens, ICI's President and CEO. "To that end, we regularly provide the policy community and the press with information on trends in retirement savings, and we're committed to making that information as relevant and up-to-date as possible."

Among other things, the report shows that:

- Total U.S. retirement assets climbed to \$17.8 trillion in the third quarter of 2007, up from \$17.5 trillion three months earlier. Retirement savings account for almost 40 percent of all household financial assets in the United States.
- IRAs held \$4.8 trillion at the end of 2007's third quarter, up from \$4.6 trillion at the end of the second quarter. Mutual funds manage 47 percent of IRA assets.
- Mutual funds managed \$2.4 trillion in assets in 401(k), 403(b), and other defined contribution (DC) plans in the 2007's third quarter, up from \$2.3 trillion at the end of the second quarter. Mutual funds manage 53 percent of DC assets.
- Lifecycle funds, which typically rebalance their portfolios to include more fixed-income assets as a specified target date approaches, continued to grow rapidly. They managed \$168 billion at the end of the third quarter of 2007, compared with \$153 billion three months earlier. Almost 90 percent of assets in lifecycle funds are in retirement accounts.

U.S. Retirement Assets Reach \$17.8 Trillion

(Trillions of dollars, end-of-period, 1994–2007:Q3)

e=estimated

p=preliminary

¹*Annuities include all fixed and variable annuity reserves at life insurance companies less annuities held by IRAs, 403(b) plans, 457 plans, and private pension funds (including 401(k) plans).*

²*Government pension plans include federal, state, and local pension plans. Federal pension plans include U.S. Treasury security holdings of the civil service retirement and disability fund, the military retirement fund, the judicial retirement funds, the Railroad Retirement Board, and the foreign service retirement and disability fund. These plans also include securities held in the National Railroad Retirement Investment Trust and Federal Employees Retirement System (FERS) Thrift Savings Plan (TSP).*

⁴*Defined contribution plans include private employer-sponsored defined contribution plans (including 401(k) plans), 403(b) plans, and 457 plans.*

Note: Components may not add to the total because of rounding.

Sources: Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division

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